

1. What are the procedures now used in your region for economic dispatch? Who is performing the dispatch and over how large an area (geographic scope, MW load, MW generation resources, number of retail customers within the dispatch area)?

Dayton Power and Light (Dayton) became a fully integrated member of PJM on October 1, 2004. Since that time, Dayton offers available generation to PJM in the Day Ahead market for unit commitment as well as real-time economic dispatch. PJM determines which units should run and at what load to provide the most economic dispatch solution for the entire footprint. PJM ensures the reliability of the largest centrally dispatched control area in North America by coordinating the movement of electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. The PJM peak demand is approximately 131,000 MW. PJM has more than 1,000 generation resources with diverse fuel types which accounts for a generating capacity of nearly 164,000 MW. PJM monitors and controls the PJM RTO such that the least-cost means of satisfying the projected hourly energy, Operating Reserves, and other Ancillary Services requirements of the Market Buyers, including the reliability requirements of the PJM Control Area, are met. The PJM dispatcher runs a new economic solution at least every five minutes. PJM takes into account transmission constraints and power flows when calculating the locational marginal prices (LMPs) that determine unit dispatch. PJM sends the unit dispatch signals directly to Dayton's energy management system. The Dayton Generation Operator monitors both the desired dispatch point from PJM and the actual unit output and makes adjustments as necessary. Of course, Dayton maintains the right to dispatch its units as it sees fit and PJM allows for this via the self-scheduling mechanism. The Dayton Generation Operator communicates directly with the plant operators for the units we operate and with the Cinergy and AEP Generation Operators for the jointly owned units that they operate.

2. Is the Act's definition of economic dispatch appropriate? Over what geographic scale or area should economic dispatch be practiced? Besides cost and reliability, are there any other factors or considerations that should be considered in economic dispatch, and why?

The Act's definition of economic dispatch is appropriate. Cost and reliability are the most important factors that should be considered in economic dispatch. However, other operational factors such as start up times, minimum run times, minimum down times, and local constraints must also be used to accurately and economically dispatch a system.

3. How do economic dispatch procedures differ from different classes of generation, including utility-owned versus non-utility generation? Do actual operational practices differ from procedures required under tariff or federal or state rules, or from the economic dispatch definition? If there is a difference, please indicate what the difference is, how often this occurs, and its impacts upon non-utility generation and upon retail electricity users. If you have specific analyses or studies that document your position, please provide them.

Economic dispatch procedures do not differ regardless of the class of generation. PJM treats all bidders of generation in the same manner. Actual operational practices do not deviate from procedure.

4. What changes in economic dispatch procedures would lead to more non-utility generator dispatch? If you think that changes are needed to current economic dispatch procedures in your area to better enable economic dispatch participation by non-utility generators, please explain the changes you recommend.

Non-utility generation is subject to the same dispatch procedures as all generation under PJM's control and thus no changes are required.

5. If economic dispatch causes greater dispatch and use of non-utility generation, what effects might this have – on the grid, on the mix of energy and capacity available to retail customers, to energy prices and costs, to environmental emissions, or other impacts? How would this affect retail customers in particular states or nationwide? If you have specific analyses to support your position, please provide them.

There is no distinction between utility-owned and non-utility owned generation within PJM. It is all dispatched economically and follows the same set of rules and procedures. This ensures that customers pay the lowest possible prices with no subsidies to any group of generators.

6. Could there be any implications for grid reliability – positive or negative – from greater use of economic dispatch? If so, how should economic dispatch be modified or enhanced to protect reliability?

As it is stated in the Act's definition, economic dispatch already protects reliability. Reliability is the only exception to pure economic dispatch.